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**From:** [REDACTED]

**Sent:** Thursday, March 24, 2022 11:00:13 AM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Bcc:**

**Subject:** Federal Tax Lien - payments to satisfy alimony obligation

You have asked us about the priority of the federal tax lien (FTL), in a situation where the taxpayer was ordered to pay monthly alimony payments to his ex-wife as a part of the taxpayer's divorce and such order was issued prior to the FTL arising. In short, following the taxpayer's divorce, the taxpayer sold his interest in three businesses to a purchaser in exchange for multiple forms of compensation provided by the contract terms. One of the contract terms provides that the purchaser will cause one of the business entities to pay the taxpayer's monthly alimony obligations to the taxpayer's ex-wife. Currently, we are not aware of the history of alimony payments since the execution of the contract. For purposes of this advice, we are assuming that the monthly payments have occurred and continue to occur as provided for by the contract.

You have asked whether the FTL attaches to the monthly alimony payments. In our view, the FTL does attach to the payments. [REDACTED]

The contract term that the purchaser will cause the business entity to pay the taxpayer's monthly alimony obligation provides a contractual right to payment that is subject to attachment of an FTL. Corwin Consultants, Inc. v. Interpublic Group of Companies, Inc., 512 F.2d 605 (2d Cir. 1975) (FTL attached to fund comprised of periodic payments owed to taxpayer under severance agreement); Mantovani v. Fast Fuel Corp., 494 F.Supp. 72, 77 (S.D.N.Y. 1980) (FTL attached to taxpayer's contractual right to proceeds); Rev. Rul. 55-210 ("Where a taxpayer has an unqualified fixed right, under a trust or a contract, or through a chose in action, to receive periodic payments or distributions of property, a Federal lien for unpaid tax attaches to the taxpayer's entire right. . .").

Assuming the payments are occurring, they are part of the compensation given to the taxpayer in exchange for his business interests. That the payments are directed to the taxpayer's ex-wife and not the taxpayer himself should not prevent attachment of the FTL because the payments are compensation to the taxpayer and for the benefit of the taxpayer. However, if the alimony obligation has been paid in full, or if the purchaser and taxpayer have otherwise not abided by the arrangement provided for by the contract, there may be no payments accruing.

[REDACTED]

[REDACTED]

[REDACTED]